The Evolution of Modern Money. By WILLIAM WARRAND CARLILE, M.A. London: Macmillan & Co., 1901. 8vo, pp. xxiii + 373.

IT is difficult, either in praise or in criticism, to do justice to a book so bristling with points, mostly controversial, as this volume of Mr. Carlile's. The title implies a study after the historical method. The book is all of this and much more. The facts are tributary to a series of doctrinal theses of direct political as well as theoretical interest. Whether one shall judge that monetary theory has gained or lost during the last decade by an exceptionally close association with legislative problems and political issues, it is clear that some part at least of what may have been gained in point of interest has been lost in temper and calm. Mr. Carlile has distinctly entered the lists; he has errors to refute and doctrines to establish; not at all discourteously he is a vigorous controversialist; with him theory derives its inspiration from its application to the current problem. The art leads back to the science, and, refreshed in its shady walks, is expected to return with new strength to the old battle—and does so.

Little more is possible in the space allotted than to render account of the more important propositions for which Mr. Carlile stands, and in support of which he does vigorous and learned battle. The ultimate fact is that Mr. Carlile is a gold monometallist; by corollary, or by happy hazard, it falls out that, without important exceptions, the arguments and doctrines used by opponents of the single standard are found to be theoretical fallacies or historical misconceptions. It thereby results—one suspects a casual connection—that, as nearest fundamental to the opposition argument, Mr. Carlile attacks the quantitative theory of money, subjecting it to scathing criticism in a discussion replete with learning and historical research. Gresham's Law fares not much better. The entire doctrine of standards is put at issue. Not only is the charge of depreciation of gold in the fifties, or of appreciation from 1873 to 1896, declared unproved and unprovable, but false—gold does not fluctuate. Not content with all this discharging of explosives near to the economic underpinnings, Mr. Carlile undertakes a thoroughgoing restatement of mediæval monetary history.

But it will be well to follow Mr. Carlile somewhat more in detail and in the order of his presentation:

It is beyond all question that at the beginning of the third century B. C. copper had been for some hundreds of years the standard of value in Latium and throughout Italy (p. 32). It was about 268 B. C. that silver was first coined in Rome (p. 33). The undisputed reign of silver as the standard in Rome was of short duration. The period of bimetallism that rendered possible the transition from copper to silver had hardly ended before a second period of bimetallism began, which prepared the way for a second transition, that from silver to gold. . . . . During the republican period. . . . . gold was already largely in circulation in the shape of ingots, which probably, though not certainly, bore the stamp of the state guaranteeing their purity. . . . . A legal ratio, too, must have been fixed between the two metals. . . . . In the first and second centuries before Christ, from four fifths to one half of the treasure in the aerarium consisted of gold (pp. 36–38).

By the end of the fourth century after Christ silver had entirely and finally disappeared from the Roman circulation at the close of a long period of merely subsidiary use and of repeated debasements.

The course of things was similar in England. The law of 1816 making gold the sole standard merely recorded by statute what had been true for nearly a hundred years. And in fact, from about 1350 down, gold was an important element in the English circulation, and was used for state, international, and unusually heavy transactions. About 1350 also began the series of debasements of silver, "the secondary metal." During all this time silver was in general use as the common medium of exchange, but throughout the whole of [this period] the position of the real though latent standard must be accorded to gold." Silver circulated, indeed, but as a token coinage with its value fixed by its "quasi-redeemability," *i. e.*, its acceptability for all government dues at the established ratio of the time.

Substantially parallel facts are recited for France. The gist of it all is that the dearer metal is found historically to have displaced the cheaper. Impulsion from the outside, that is, the influence of foreign standards, the preference for gold as a medium for hoarding, the demands of large business, the choice of a standard of deferred payments less fluctuating than the constantly adulterated silver coin, all concur to introduce gold for money purposes. What becomes established in business receives later legal recognition; a ratio of acceptability is established for payments to the state, and silver sinks to the position of a subsidiary coinage, upheld by quasi-redemption and by limitation in volume, gold being over-valued so as to close the mints to silver, leaving only the worn and clipped silver coins in circulation.

Then begins the clipping and debasement of this purely token coinage, a relatively harmless practice.

The immediate conclusions toward which, in Carlile's statement, all this tends, are that with limited issues and with no other than "quasi-redemption," an inferior money may circulate at par, and that "Gresham's Law is not a law applicable to money generally, but only to subsidiary or fiduciary money."

Little, thus far, seems called for in the way of criticism or dissent. We may, however, stop to note that while our author apparently appreciates to the full the importance of coinage and redemption ratios, it remains true that scant attention is given by him to the fact that in order to keep the gold in circulation, change after change was required in holding the coinage ratio of gold low enough to overvalue the gold and thereby prevent the melting down or exportation of it (see pp. 14, 58, 59). This leaves Gresham's Law still good for most of what it was ever supposed to be good for.

It is when our author leaves the more distinctly historical treatment that he appears to lose somewhat in conservatism and caution, and to incline to advance his lines too far. In view of the fact that he himself sets out in terms the necessity of the above-mentioned constantly recurring changes of ratio, it may appear gratuitous — even in the defense of Gresham's Law — to charge him with a disposition to underrate the importance of these changes. But in later chapters he finds it controversially desirable to deny that a standard metal can fluctuate in value. If so, why all these changes of ratio? For Carlile there can be no answer but this, that it is always the non-standard metal which fluctuates. In view of this position, the following quotation reads oddly, especially when compared with page 219:

Even earlier than Caesar's day gold had already supplanted silver to a large extent as the money of wholesale trade and large operations generally. The value of gold as measured in silver, in the early days of the republic ranged as high as 1 : 17. The discovery of the mines of Noricum, about 150 B. C., caused, we are told, a fall in its price of one third in the Roman market (Mommsen). Shortly after that date the pound of gold was worth 4000 sesterces, the ratio thus being 1 : 11.91. After Caesar had brought to Rome the rich spoils of Gaul, the pound fell to 3000 sesterces, thus showing a market ratio of 1 : 8.93. When, however, Caesar commenced the regular issue of the aureus, the ratio of 1 : 11.91 was maintained in the coinage, and was subsequently continued under Augustus.

And on page 219:

The rise in the silver in the eighteenth century no doubt assisted in effecting the transition to gold in England, and the rise in silver, or the fall in gold, whichever we choose to consider it, in Caesar's day in Rome appears to have led up towards a parallel result.

Note also the following from page 213: "The period in Rome, for instance, which witnessed the displacement of silver by gold was a period in which the latter was all the time on the rise." One wonders also what disposition our author would make of the marked rise in silver in India, from 1873 to the closing of the Indian mints to silver in 1893. Pages 154, 155 would indicate that he would deny that silver was the standard; but this is not clear.

The quantitative theory also comes in for attention: it puts "the cause in place of the effect, and the effect in place of the cause . . . . What does happen continually . . . . is this, that prices rise from some cause or other, it does not matter what, and that then an increase of the circulation inevitably follows, or is rather an aspect of the same fact" (p. 293). One wishes that the quantitative — or quantity — theory could get itself stated in a fashion to satisfy some fair proportion of its various adherents; and the call is equally urgent that its opponents should point out what is the matter with it if they can find out what it is. But our author's argument and his collateral admissions will not greatly help the case forward toward either clarity or agreement. Certainly his contention that the cheaper money does not of necessity drive out the dearer, but, on the contrary, may take the position of a subsidiary medium, if only the quantity be limited, is one sort of quantity theory. He points out also that with inconvertible paper money, depreciation results from increase of issues. He repeatedly shows that with gold as the standard, enlarged supplies of silver will work a fall in silver, and that with either gold or silver as standard, depreciation follows a debasement of coin; so with silver as standard, gold falls with increasing output. But, he insists, with gold as the standard, there can be no fall in it relative either to commodities or to silver. His argument on this latter point proceeds as follows: Setting out with the banking principle so-called, that the free issue of convertible notes cannot inflate the currency and can have no bearing on prices, since for notes issued in excess gold will be required in redemption, he goes on to the proposition that "the arguments . . . . to show that banks cannot raise prices by increasing their issues of convertible notes are every one of them equally applicable to gold."

This is evidently the case, because, when gold is received by the bank, either coin or notes are delivered to the depositor at his option. And it is at this point, seemingly, that our author faces the necessity of asserting the invariability of gold, *when used as the standard metal*, and gladly accepts the necessity. But banking theory has somewhat advanced since 1840, and the identity, for most purposes, of note issues with deposit credits is now one of the commonplaces of the science. It follows from our author's doctrine that prices are beyond the influence of expanding bank credit. The explanation for rising prices is then merely that they rise "from some cause or other." If neither expanding credit nor increasing money can affect prices, it is probable that vanishing credit must have as little effect. It therefore stands as ultimate, and, it is to be hoped, as satisfactory, that prices just go up, as Topsy grew, and occasionally, as in panic times, for precisely similar reasons, go down. Still Mr. Carlile declines to go as far as this. "An appreciation of gold as compared with commodities generally is, in truth, something that only happens during a panic."

This doctrine, that standard money cannot fluctuate, imposes upon our author the necessity of an explanation for this peculiar characteristic. This he finds in the phenomena of conspicuous consumption, his line of thought in this connection being almost as definitely traceable to one of the editors of this JOURNAL as is — avowedly — his doctrine of quasi-redemption to the other. In Mr. Carlile's view, the Austrian school of value has overlooked the important qualification that "increase of supply cuts down values in so far as it satiates demand, but in so far only." If the Austrian theory of value "had held good, then it would have been hard indeed to have seen how money and a monetary standard could ever have come into existence. The theory, however, we found rested on a defective analysis of human wants. Nine tenths of human expenditure was expenditure on ornament, in the widest sense of that word." That general acceptability which determines the use of some commodity as money presupposes an invariability in value possible only with a commodity the demand for which is insatiable.

There is surely no reason why this commodity should fall in value whenever fresh discoveries chance to cause an increase in its supply, but every reason, on the contrary, why it should remain stable in value, irrespective of such increases. Gold never goes out of fashion. . . . . It is the one thing that every man needs to hold his own with his rivals in the race of life (p. 337).

By steps such as these our author becomes almost a mercantilist. Money as the value measure becomes the central fact in economics.

"There cannot," says Mr. Mill, "be a more insignificant thing in the whole economy of society than money!" Rather, it seems to me, money is the pivot of everything in economics. We cannot move a single step towards the elucidation of any of its problems without, etc. Not even could the *thought* of value have existed in a state of things in which there was no such thing as money.

Evidently, then, here is an interesting volume. On the whole, too much praise could hardly be given it for its qualities of scholarly style and lucid statement. Its merits of learning and ingenuity are rightly especially prominent where by the badness of the doctrine they appear to be most required.

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Untersuchungen über das Geldwesen der Schweiz und die Ursachen des hohen Standes der auswärtigen Wechselkurse. By DR. PH. KALKMANN. St. Gall. Druck der Zollikofer'schen Buchdruckerei, 1900. 8vo, pp. 187.

SINCE the formation of the Latin Monetary Union in 1865, there has perhaps never been a period of any considerable length when dissatisfaction with the conditions of the league was not manifested by some one or more of the countries involved in it. This unrest has not always been due to the same cause. Sometimes it has originated in differences of opinion concerning the selection of a standard of value. Frequently it has been due to disagreements regarding the issue and redemption of token money, or the relation between the different governments and the various banks of the allied countries. It needs no mention that the rock on which the Union had almost split in 1885 was the compulsory redemption of the silver five-franc piece. But all these facts—whatever their importance for the student of money and banking—are now history. They have no direct relation to current problems. That the Latin Union, so long as it shall last, will continue to rest on a practical gold standard may be taken for granted, and no amount of agitation or unrest is likely to produce a different condition of affairs. It might be thought that in this view of things the Latin Union could conceivably prolong a tolerably quiet existence—held together at least by the negative tie implied by the